



NEWS

Federal Communications Commission
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FCC LAUNCHES PROCEEDING TO EXAMINE FEES CHARGED CONSUMERS FOR SWITCHING THEIR LONG DISTANCE CARRIER

Commission Seeks to Ensure that Charges are Reasonable

Washington, D.C. – Today, the Federal Communications Commission (FCC) initiated a proceeding to examine the Commission's policies related to fees charged consumers for changing their presubscribed interexchange carrier, or long distance carrier. Presubscribed interexchange carrier-change charges (PIC-change charges) currently are subject to a \$5 safe harbor within which a PIC-change charge is considered reasonable. The \$5 maximum cap was established by the FCC in 1984.

The PIC-change charge can be a significant cost to consumers. Most local exchange carriers (LECs) charge the \$5 maximum permitted under the safe harbor, and currently long distance carriers typically pick up the cost of the PIC-change as an incentive to win new customers.

On May 16, 2001, the Competitive Telecommunications Association (CompTel) petitioned the Commission to initiate a rulemaking proceeding to revise its policies governing the PIC-change charge. Today's *Order* and *Notice of Proposed Rulemaking* grants that petition and seeks comment on the Commission's policies for regulating PIC-change charges.

With today's action, the Commission seeks to ensure that PIC-change charges appropriately reflect the current costs of this function and that the charge is not an impediment to competition. Accordingly, the *Notice* adopted today seeks comment on, among other issues, the following:

- Whether to base the PIC-change charge on an examination of carrier costs or whether the Commission can rely on market forces to ensure reasonable rates.
- Whether to take non-cost factors into account in determining a reasonable PIC-change charge.
- Whether to establish a national safe harbor, whether carriers should submit individualized cost support with their tariffs, or whether the Commission should review rates solely through enforcement processes.

-FCC-

Docket No.: CC 02-53

Action by the Commission March 14, 2002, by Order and Notice of Proposed Rulemaking (FCC 02-79). Chairman Powell and Commissioners, Abernathy, Copps, and Martin.

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